

Small Cities Development Program (SCDP) **information when Applying in Conjunction with** **Minnesota Housing Multifamily RFP**

When SCDP eligible applicants are requesting assistance from the SCDP Program for Multi-family projects complementing requests for funds from Minnesota Housing's Multi-Family Request for Proposal (RFP), a SCDP Pre-Application and/or Full Application **will not** be required.

General Information: The SCDP Program is part of the Community Development Block Program (CDBG) administered by the Department of Housing and Urban Development and funded by Congress on a federal fiscal year basis. The Program provides financial assistance to assist communities in addressing critical housing, economic, and public facilities needs.

Local units of government (i.e. cities, counties and townships) are eligible applicants for funding from the Department of Employment and Economic Development (DEED), Small Cities Development Program (SCDP). The local units of government will be the fiscal agent for the funds and disbursement of funds will come directly from DEED. DEED will require the above, not the developer, to enter into a contract for projects funded with SCDP funds in conjunction with a Minnesota Housing project. *Please make sure you have contacted the city prior to applying for these funds.*

Developer Information: The developer must meet the HUD definition of an eligible sub-recipient as outlined in HCDA 105(a)(15) and 24 CFR 570.204(a). This defines the sub-recipient as a neighborhood-based non profit organizations, Section 301(d) small business investment companies, and local development corporations. The project must be undertaking as a neighborhood revitalization project.

The following may/will be required when contracting with the SCDP program:

- Public Hearing
- Environmental Review-required
 - One environmental review can be done if HOME funds are involved
 - Environmental reviews will need to be conducted and submitted to DEED prior to disbursement of funds.
 - List DEED activity and grant amount in all environmental notices
- Davis-Bacon Requirements-contact DEED for information
- *Bid spec's reviewed by DEED prior to disbursement of funds*

- Fair Market Rents-see below
- Annual Reporting-request form from DEED
- All other required SCDP Program,
http://www.positivelyminnesota.com/Government/Financial_Assistance/Community_Development_Funding/Small_Cities_Development_Program.aspx

If funded, please contact your DEED representative for additional information. The link provided will assist you in locating your representative.
http://www.positivelyminnesota.com/Government/Financial_Assistance/Community_Development_Funding/Small_Cities_Development_Program_3.aspx

Purpose of the Program: To develop viable eligible rural communities "by providing financial assistance to address the need for decent housing, economic development and public facility needs and provide a suitable living environment by expanding economic opportunities, principally benefiting households of low and moderate income."

Activities Must Meet One of the Following Federal Objectives:

- The activity must principally benefit low and moderate income persons;
- The activity must prevent or eliminate slum and blight,
- The activity must alleviate an urgent community development need caused by a natural disaster.

Eligible Applicants - Who Can Receive funding from SCDP

- Any 'general purpose' unit of local government that does not receive CDBG funds directly as an entitlement city and/or urban county, or a recognized Indian Tribal Government, is eligible to submit one application per year for funding via the SCDP competitive application process.
- General Purpose is defined as cities, counties, townships.
- Ineligible Counties: Anoka, Hennepin, Ramsey, Washington, Dakota, Scott
- Ineligible Cities: Moorhead, Duluth, St Cloud, Rochester, [Mankato and North Mankato\(2010\)](#)
- Ineligible entities: Tribal Governments

Income Limits: 51% of the units being developed must be occupied by low to moderate income households; this is defined as households whose income does not exceed 80% of the county median income, adjusted for family size. Link to the HUD site is
<http://www.huduser.org/datasets/il/il09/index.html>

Rent Restrictions:

- For Rehabilitation of Existing Units(excluding "conversion" projects):
 - "Affordable Rents" are Fair Market Rents (FMR's)

FMRs are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service.

<http://www.huduser.org/datasets/fmr.html>

or;

- The Section 8 voucher payment standard adopted by the grantee and made public.
- For New Construction/Conversion Projects: The SCDP applicant is free to choose either:
 - FMR's- FMR's are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. <http://www.huduser.org/datasets/fmr.html> or
 - Section 8 Voucher payment standard for the number of bedrooms in each unit or;
 - A rent that will be affordable to households at 60% of the area median income, adjusted for household size.

Funding Allocation - DEED receives about \$18M per year from HUD, with the breakdown as follows:

- 15% for economic development projects
- 30% for single-purpose projects
- 55% for comprehensive projects (i.e. projects that combine housing activities with public facilities or commercial rehab activities)

Eligible Activities for Funding

- Housing Rehabilitation – owner and rental
- Commercial Rehabilitation
- New Construction – owner and rental
- Homeownership Assistance
- Public Facilities Improvements –water/sewer/street improvements
- Acquisition/Rehabilitation
- Acquisition/Demolition
- Relocation
- Conversion
- Removal of Architectural Barriers
- Community center, emergency shelter, or a facility
- Flood or drainage facility construction or improvements

Types of Applications

- Single Purpose – One more activities designed to meet specific housing or economic development need. \$600,000 or less.
- Comprehensive - Activities must benefit a defined geographic area; activities must be interrelated and coordinated – \$1.4 million or less. Common comprehensive app. are housing activities with commercial rehab and/or housing activities with public facilities.

Applications Must Address the Following

- **Show Capacity**
 - Past and Present Performance
 - Ability to complete project on time
 - Strong degree of readiness
- **Demonstrate a Need**
 - Physical need for the activity;
 - Financial need – what other resources are available - if any
 - The total development cost of the activity
- **Show Impact**
 - What impact will the funded activity have on the community (i.e. eliminate deficiencies in housing stock; how effectively will community goals will be met, etc.)
- **Be Cost Effective**
 - Best use of SCDP funds, leveraging of non-DEED resources to meet the described need;
 - Well, thought out financing plan for the activity(s).
 - Reasonable, administrative costs.
- **State Demographer Information:**
 - Number of poverty persons in the area being addressed;
 - Percentage of persons who reside in the area being addressed.

How to Apply for DEED Funds in Conjunction with Minnesota Housing:

- Make sure that you are an eligible applicant and that you meet the guidelines of the SCDP Program as outlined.
- Complete the DEED dollar amount entry on the Minnesota Housing's Multi-Family Request for Proposal (RFP),
- Complete and submit the "Resolution of Receptivity to a DEED Award Form" and a "Signed City Resolution to a DEED SCDP Award Form" and the "Application Summary Information Sheet" with the Minnesota Housing Multi-Family RFP application. (These forms are located on the Minnesota Housing Multi-Family RFP website).